

INCOME AND INVESTMENT RETURN

Updated as December 31, 2004

Composite

Quarter	Beginning Market Value	Net Contribution	Investment Return		Ending Market Value	Investment Return
			Income Return	Market Return		
A	B	C	D	E	F	G
2000, 1st	1,201,318,368	33,590,243	17,681,401	(1,425,276)	1,251,164,736	16,256,125
2nd	1,251,164,736	(26,294,932)	17,931,561	19,005	1,242,820,370	17,950,566
3rd	1,242,820,370	(14,715,848)	18,004,879	5,252,258	1,251,361,658	23,257,137
4th	1,251,361,658	23,489,840	17,717,138	6,599,655	1,299,168,292	24,316,793
2001, 1st	1,299,168,292	(7,806,744)	16,964,026	15,401,416	1,323,726,990	32,365,442
2nd	1,323,726,990	(14,246,548)	15,479,061	1,751,176	1,326,710,679	17,230,238
3rd	1,326,710,679	(4,447,875)	14,036,446	6,462,436	1,342,761,686	20,498,882
4th	1,342,761,686	(996,293)	15,041,376	(10,297,703)	1,346,509,066	4,743,673
2002, 1st	1,346,509,066	11,411,060	12,957,296	(1,256,312)	1,369,621,110	11,700,985
2nd	1,369,621,110	(7,267,259)	12,114,021	(3,553,898)	1,370,913,974	8,560,122
3rd	1,370,913,974	(3,195,346)	12,205,092	(5,917,835)	1,374,005,885	6,287,257
4th	1,374,005,885	17,043,983	6,409,769	224,903	1,397,684,540	6,634,672
2003, 1st	1,397,684,540	(1,396,773)	4,958,704	(843,690)	1,400,402,781	4,115,014
2nd	1,400,402,781	(17,374,054)	5,616,594	(845,259)	1,387,800,063	4,771,335
3rd	1,387,800,063	(1,031,772,595)	3,701,339	(535,587)	359,193,219	3,165,752
4th	359,193,219	29,572,921	1,145,342	125,375	390,036,858	1,270,718
2004, 1st	390,036,858	(4,560,120)	1,185,467	303,704	386,965,910	1,489,172
2nd	386,965,910	(5,030,265)	1,457,006	(1,853,047)	381,539,604	(396,041)
3rd	381,539,604	(6,519,308)	1,670,218	748,675	377,439,190	2,418,894
4th	377,439,190	9,468,327	1,904,198	(362,888)	388,448,827	1,541,310
Total		(1,021,047,586)	198,180,934	9,997,108		208,178,046

EXPLANATION

1st Quarter 2000:

Beginning Market Value: The portfolio started with a value of \$1,201,318,368 on January 6, 2000, with the deposit of the proceeds of the sale of General American Mutual Holding Company (see column B). The Investment Managers began to purchase securities on that date.

Net Contribution: This includes additions of new funds to the portfolio from outside sources, and includes withdrawals from the portfolio for taxes, certain expenses, etc. For instance, in the 1st Quarter the portfolio received a contribution of \$33,705,000 as a 1999 tax refund to General American, and paid expenses of \$114,757, for a net contribution of \$33,590,243 (column C).

Investment Return: This is made up of two components:

Income Return: This is coupon income accrued during the quarter plus accretion and minus amortization. Amortization and accretion are based on purchase cost. For the 1st Quarter the income return was \$17,681,401 (column D).

Market Return: This is the difference between ending market value (column F) and beginning market value (column B), minus net contribution (column C), and minus income return (column D). Market return is the component of investment return based on increases or decreases in the market prices of the securities. The market return for the 1st Quarter was (\$1,425,276) (column E).

Ending Market Value: This is arrived at by taking the beginning market value, and adding to it the net contribution and investment return. For the 1st Quarter the ending market value was \$1,251,164,736 (column F).

Although the market value of the portfolio increased \$49,846,368 during the 1st Quarter, it would not be accurate to say that this was the amount of income or the return on the investments. That is because over \$33 million of the \$49 million came from the deposit of new funds into the portfolio, i.e., the net contribution. Thus, the \$33 million is not included in investment return.

Therefore, investment return for the 1st Quarter was \$16,256,125 (column G) , which included income return of \$17,681,401 (column D) , and market return of (\$1,425,276) (column E).

2nd Quarter 2000 through 4th Quarter 2004:

Beginning Market Value: The beginning market value for each quarter now carries over from the ending market value of the previous quarter.

Net Contribution: In the 2nd Quarter of 2000, the portfolio paid estimated taxes for 2000 of \$26,100,420 and expenses of \$194,512, for a net contribution—actually, a net withdrawal—of (\$26,294,932) (column C). Most subsequent quarters, such as the 3rd, will show net withdrawals as well because of the payment of estimated taxes. A large tax refund was received during the 4th Quarter of 2000. The net contribution for the 1st Quarter of 2004 was (\$4,560,120). The Managers again received several sizable deposits during the 1st Qtr. '04, courtesy of the settlement agreement with MetLife relating to issues under Article VIII of the stock purchase agreement. The Managers individually received the following amounts on the following dates: \$7,981,878.83 on January 30, \$2,270,608.69 on February 3, \$4,764,785.41 on February 18 and \$1,673,724.46 on February 19. However, GAMHC was required to pay a total of \$37,831,752.08 for a planned interim distribution on February 24, 2004, which accounts for the negative net contribution for the 1st Qtr. '04. The 4th Qtr. 2004 net contribution is \$9,468,327. While this amount includes withdrawals for estimated tax payments, a small 4th Qtr. distribution, Investment Manager fees and operating expenses, it also includes an \$8,000,000 contribution for a prior year tax refund and an \$11,519,839 contribution which established the Qualified Settlement Fund (2).

Investment Return: For the 2nd Quarter of 2000, income return was \$17,931,561 (column F), and market return was \$19,005 (column G). This results in an investment return for the 2nd Quarter of \$17,950,566 (column I). For the 3rd and 4th Quarters of 2000 investment return was \$23,257,137 and \$24,316,793 respectively. Total investment return for the 2000 was \$81,780,621. The 4th Quarter 2004 investment return was \$1,541,310 resulting in a total to date of \$208,178,046.

Ending Market Value: This is derived by taking the beginning market value for the quarter, then adding the net contribution and total investment return. The 2nd Quarter of 2000 presented an ending market value of \$1,242,820,370. The ending market value as of the end of the 1st Quarter of 2001 was \$1,323,726,990 and for the 2nd Quarter 2001 was \$1,326,710,679. At the end of the 4th Quarter of 2004, ending market value was \$388,448,827—this grew \$11,009,637 from the 3rd Qtr. ending market value of \$377,439,190.

The total investment return (from income return and from market return) as of the end of the 4th Qtr. of 2004 was \$208,178,046 (column I).

RECEIVERSHIP ASSETS AND LIABILITIES

This quarterly report produced by Oppenheimer & Co. is composed of all major investment accounts of the receivership, but does not include all assets and liabilities of the receivership. There may be differences in amounts reported by Oppenheimer in the quarterly report and by Mayer Hoffman McCann P.C. in the Accountants' Compilation Report due to: 1) the Operating Account balance not being included in Oppenheimer's total market value, 2) timing differences between the two investment reports used to determine the final market value and 3) additional liabilities of the receivership net of other assets not included in Oppenheimer's market value amount.

CLAIMS AGAINST RECEIVERSHIP ASSETS

The receivership has various unresolved claims and potential claims against the receivership's assets. The largest known claims are discussed in the following paragraph.

On January 13, 2003, General American Mutual Holding Company in Receivership (GAMHCIR) received a summary of "Three Year Indemnity Claims" from MetLife (MetLife Claims). This summary was required by the Plan of Organization. The MetLife Claims included two categories: Article VIII – Income Taxes and Article X – Other Claims. The Article VIII claims were settled with MetLife in 2003. The Article X claims totaling \$123 million are currently being litigated by the Special Deputy Liquidator and MetLife. The outcome of this dispute cannot be reasonably estimated at this time.

The receivership also has a liability for normal operating expenses that have been incurred, but not approved by the court. The amounts of these unapproved operating expenses vary, but are estimated to be in the range of \$1-3 million at any point in time.